



## Top Pick Tuesday: 2 Oversold Stocks Now Yielding 6%

### Description

Dividends often represent a significant part of the return investors get from their holdings in equity markets.

Once in a while, good companies get oversold, and the following high-yield stocks might be interesting picks today for a self-directed [income portfolio](#).

### Enbridge

**Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) is a giant in the North American energy infrastructure industry with pipelines transporting a significant part of the oil, natural gas, and natural gas liquids produced in Canada and the United States. Enbridge also has businesses that distribute natural gas to companies and households.

Getting major new pipelines built is not easy these days, and some people say the improvements in batteries are getting to the point where combustion engines will soon be eliminated, replacing the need for diesel fuel and gasoline. The trend is definitely moving in that direction in some countries, but overall oil demand continues to increase, and natural gas still has a future as a source of power generation and as a fuel to help people heat their homes and cook their food.

Enbridge gets most of its revenue from regulated assets, and anticipated growth in distributable free cash flow is a solid 5-7% per year over the medium term. The company can self-fund its \$16 billion development program and has streamlined its corporate structure.

The stock appears oversold today, and investors who buy now can pick up a 6.35% [yield](#).

### Russel Metals

**Russel Metals** ([TSX:RUS](#)) is one of North America's largest metals distribution companies with energy products, service centres, and steel distribution operations.

Tariffs have made an already complicated industry even harder to navigate, but Russel Metals does a good job of adjusting to the volatility and continues to deliver solid results.

The company generated Q1 2019 net income of \$34 million compared to \$38 million in the same quarter last year and free cash flow of \$58 million compared to \$60 million.

The company has a strong track record of maintaining the dividend when the cycle is at a low point, and the current quarterly payout of \$0.38 per share should be safe.

The stock is down to a level where upside could be significant on a shift in market sentiment. Russel Metals trades at \$22 per share compared to \$30 last August. Investors who buy today can pick up a yield of 6.9%.

## The bottom line

Enbridge and Russel Metals pays attractive and reliable dividends. The stocks appear oversold right now and have the potential to deliver big gains for patient investors.

### CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing
4. Metals and Mining Stocks
5. Stocks for Beginners

### TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)
3. TSX:RUS (Russel Metals)

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